

To: Iowa Council on Homelessness Executive Committee  
From: Amber Lewis, IFA  
Date: August 28, 2015  
Re: CoC Grant Type Project Changes: Community Housing Initiatives and More

---

**Purpose:** The purpose of this memo is threefold:

- 1) To provide a summary, as understood by IFA staff, of recent discussions regarding a possible CoC grant type change for Community Housing Initiatives' (CHI) CoC Transitional Housing (TH) project.
- 2) To provide a review of the possible pros and cons of different options for changing CoC project types.
- 3) To review the role of the Iowa Council on Homelessness in the process of reallocation.

**Background:** In early July, Mariliegh Fisher of CHI originally broached the idea of possible reallocation of their low-scoring CoC TH project. CHI is exploring the possible alternative of changing their project in some way to a Rapid Rehousing project. Mariliegh spoke with our HUD field office representatives regarding the issue. HUD reviewed two different possible ways to change from one project type to another: amendment/reclassification or reallocation.

**Summary of Options to Change Grant Types:** These options are summarized below, along with the possible pros and cons of each (again, as interpreted by IFA staff):

- **Amendment/reclassification:** Contract amendments can be initiated by our field office, and are generally for minor changes. For an amendment that results in a reclassification of a grant from one project type to another, it would require approval from HUD headquarters as well. This change could be initiated by a formal written request from a grantee.
  - Pros:
    - Rapid rehousing projects are a current priority of the CoC program, much more so than most transitional housing projects, so a change from TH to RRH could help the CoC's overall consolidated application.
    - If the process were successful, then it could be the quickest route to a new project type, avoiding the delays and hurdles from HUD of opening a new project.
    - Current program participants wouldn't necessarily have to leave the program, and the program wouldn't have to close and lay off staff, etc.
    - Mariliegh spoke with a speaker at a recent conference about this option, and was encouraged by this person to pursue this route for CHI. Mariliegh provided her contact info: Elaine deColigny, Executive Director of Everyone Home, Alameda County, California.
  - Cons:
    - There are timing considerations for doing this type of change—namely, HUD headquarters would have to approve it quickly, and then there would be a 7-day grace period once the CoC competition opens this year, to amend the Grant Inventory Worksheet to complete the change. The competition could open at any time, resulting in a stalling or ending of the process, and possible confusion regarding next steps.

- While our HUD field office has indicated the change is possible, there are other messages from HUD HQ that don't appear supportive. For example, Zeb reported from the recent National Alliance to End Homelessness conference about a HUD Q&A session, where he specifically asked about this process. The response he reported back was that CoCs should not be approving this change unless projects could demonstrate that they were truly misclassified to begin with. He also reported that the HUD rep said the legal consequences for both the CoC and the grantee for an incorrect classification would be harsh.
- Reallocation: Reallocation is done through the CoC competition process, not directly through our field office. This is the process followed by YWCA Clinton last year, to close their former TH project and instead open a new Rapid Rehousing project.
  - Pros:
    - As above, Rapid Rehousing projects are currently more of a HUD priority than most TH projects, so the change could help our overall CoC application.
    - The CoC has direct control over reallocation decisions from one project to another.
    - Reallocated projects are treated by HUD as new projects, and have to follow all new project requirements and current priorities (possibly both a pro and con, depending on perspective).
    - This seems to be the process favored by HUD headquarters to make changes in grant project types.
  - Cons:
    - YWCA Clinton experienced many challenges and delays with this change, as described during the July meeting of the Iowa Council on Homelessness and at other times. Challenges included having to exit all program participants, laying off staff, closing the program entirely for many months, long delays and technical hurdles getting a new contract from HUD, and not being able to offer services to program participants in the interim. There is little reason to think these challenges could be avoided by the next agency to try it.

**Current Status:** Given the potential cons of seeking an amendment, it is the understanding of IFA staff that CHI is no longer pursuing this option. CHI may still be interested in reallocation. Other CoC project grantees may also be interested in reallocation.

**More Info on Reallocation:** For general information on reallocation, the USICH has a guide online called "Creating Effective Systems to End Homelessness: A Guide to Reallocating Funds in the CoC Program." The excerpt below is specific to the 2015 competition, from HUD's FY 2015 CoC Registration Notice:

**"...2. CoC Registration Notice Definitions and Concepts.**

**...Reallocation.** A CoC may reallocate funds in whole or part from existing eligible renewal projects to create one or more new projects. All CoCs may use the reallocation process, regardless of their funding status, based on local CoC needs and priorities. In the FY 2015 CoC Program Competition, CoCs may use the reallocation process to create: new permanent supportive housing projects that serve chronically homeless individuals, including unaccompanied youth, and families; new rapid re-housing projects for homeless individuals, including unaccompanied youth, and families coming directly from the streets or emergency

shelter or fleeing domestic violence; new projects for dedicated HMIS; or new Supportive Services Only (SSO) projects for centralized or coordinated assessment systems. CoCs may choose to eliminate or reduce one or more eligible renewal projects to create one or more reallocated projects. The amount eliminated or reduced for the purposes of reallocation will be retained by the CoC, provided that the new proposed project(s) meets eligibility and quality thresholds established by HUD in the FY 2015 CoC Program Competition NOFA in order to be conditionally selected for funding. CoCs are prohibited from reallocating administrative costs to create new projects.”

**Role of the Iowa Council on Homelessness:** The Iowa Council on Homelessness is responsible for decisions regarding the reallocation process each year. This includes consideration for both possible voluntary and possible involuntary reallocations, such as:

- Voluntary reallocations: This includes grantees that choose to end their current project and seek to open a new project of a different type. Questions include:
  - For voluntary reallocations, will a grantee following this process have exclusive “rights” to the funds that are freed up through reallocation, to request for a new project from the same agency?
  - If they don’t have exclusive “rights” to these funds, will they have some sort of priority over other new projects applying for the same funds? If so, in what way?
- Involuntary reallocations: This includes grantees that scored/ranked low in the recent renewal competition. Questions include:
  - Will some low-scoring projects be eliminated entirely by the CoC, and these funds made available for new projects instead?
  - Or, as an alternative, will some low-scoring projects have their funds reduced?
  - If so, in what amount, or by what percentage? Will there be tiers established for reduced funds?
  - How will these decisions be made this year? How about in future years? Will a consistent policy for the council be developed?